

**COMMONWEALTH OF VIRGINIA**  
**VIRGINIA GAS AND OIL BOARD HEARINGS**  
**October 25, 2011 MINUTES**

Pursuant to Sections 45.1-361.9B and 45.1361.22.B of the Code of Virginia, the Virginia Gas and Oil Board held its scheduled monthly hearing commencing at 9 a.m. on Tuesday, October 25, 2011, at the Russell County Government Conference Center, 139 Highland Drive, Lebanon, Virginia.

Present at the hearing were: Katie Dye, Bradley Lambert, Keith Allen Compton (new board member), Donald Ratliff, Bruce Prather and Mary Quillen.

Also present were Sharon M. B. Pigeon, Sr. Assistant Attorney General; Rick Cooper, Acting Director of the Division of Gas and Oil; Jim Lovett and Diane Davis, DGO staff.

1. The board will receive public comments.

Bradley Lambert, Chairman of the Board introduced the new board member, Keith Allen Compton.

Juanita Sneeuwjagt welcomed Mr. Compton and thanked him for serving Mitchell Counts stated he had contacted Hurt McGuire and received a comment from their legal attorney regarding his situation.

Catherine Jewell distributed a handout on the horizontal drilling program and followed up with comments.

2. The Board will receive its quarterly update on the Board's escrow account from First Bank and Trust, Escrow Agent for the Board.

Debbie Davis, Karen McDonald and Lee Harding appeared for First Bank and Trust.

Ms. Davis reported a September ending market value of \$28,262,238.62.

In addition, Ms. Davis provided as part of her handout an outstanding check list. The Board discussed this listing and asked Anita Duty, CNX, to investigate the addresses of parties identified in the list. Ms. Duty stated she would do so and report back to the Board in November. Ms. Davis reported an error in the report made by First Bank and Trust concerning the 1099 electronic IRS submission. The problem appeared to be in the software. The bank resent 1099's to all parties distributed during the calendar year in order to generate a new electronic report to the IRS. The 1099's mailed to individuals initially were correct, the error was in the electronic submission to the IRS. First Bank and Trust is investigating the software problem.

Ms. McDonald reported that on the status of existing CDAR and money market investments and on the cash balance. Ms. McDonald was instructed to invest the three CD's up for renewal from now until the end of the calendar year into one-year CD's in order to receive a higher rate.

Mr. Harding addressed future rates on CDARS and money market funds

3. A petition from EQT Production Company on behalf of Timmy Sutherland and Patricia Sutherland; Corbet Anderson and Phyllis Anderson; Harry Anderson and Sharon Anderson; Robert Kuchan and Patricia Kuchan and Range Resources- Pine Mountain Inc. for disbursement of funds from escrow and authorization of direct payment for Unit VC-537100 for Tract 2, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-07-0417-1918-01. Continued from August 2011. The petition was continued from September to October 25, 2011 due to lack of quorum.

The petition was approved for disbursement and the account is to be closed. Revised exhibits B, EE, Table 1, Range Resources letters and divorce decree were submitted at the hearing.

4. A petition from CNX Gas Company, LLC for disbursement of funds from escrow and authorization of direct payment of royalties for Unit EE-37, Tracts 1C, 1D and 1E, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-03-1021-1205-01. The petition was continued from September to October 25, 2011 due to lack of quorum.

The petition was continued to November 2011 at the request of the operator.

5. The Board on its own motion will receive corrective testimony from CNX Gas Company, LLC on a petition approved for disbursement in May 2011, Unit BA-110, New Garden District, Russell County, Virginia. The petition was for the disbursement of Tract 4A. Docket Number VGOB-02-0917-1072-01. The petition was continued from September to October 25, 2011 due to lack of quorum.

The petition was continued to November 2011 at the request of the operator.

6. A petition from CNX Gas Company, LLC for disbursement of funds from escrow for Unit U-27, Garden District, Buchanan, Virginia. The petition is for the disbursement of a portion of Tract 2. Docket Number VGOB-97-0218-0563-03. Continued from August 2011.

The petition was continued to November 2011 at the request of the operator.

7. A petition from CNX Gas Company, LLC for disbursement of funds from escrow for Unit U-28, Garden District, Buchanan County, Virginia. The petition is for the disbursement of a portion of Tract 1. Docket Number VGOB-97-0218-0564-02. Continued from August 2011.

The petition was continued to November 2011 at the request of the operator.

8. A petition from CNX Gas Company, LLC for disbursement of funds from escrow for Unit T-28, Garden District, Buchanan County, Virginia. The petition is for the

disbursement of a portion of Tract 5. Docket Number VGOB-97-0218-0565-02.  
Continued from August 2011.

The petition was continued to November 2011 at the request of the operator.

9. The Board on its own motion will receive corrective testimony from CNX Gas Company, LLC on a petition approved for disbursement in August 2011, Unit AY-119. The petition was for disbursement of a portion of Tract 2. Docket Number VGOB-03-0513-1149-02. The petition was continued from September to October 25, 2011 due to lack of quorum.

The petition was continued to November 2011 at the request of the operator.

10. A petition from EQT Production Company, LLC for disbursement of funds from escrow for Clarence W. Truax, Tract 4, Unit 702844, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-93-0420-0366-01.

The petition was approved. EQT will be submitting revised Exhibits B, E, EE, Table 1 by October 26, 2011 by Spence Hale. The account will remain open.

11. A petition from EQT Production Company, LLC for disbursement of funds from escrow for Clarence W. Truax, Tract 3, Unit 503308, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-04-0420-1283-01.

The petition was approved. The account will remain open.

12. A petition from EQT Production Company, LLC for disbursement of funds from escrow for Clarence W. Truax, Tract 1, Unit 535612, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-03-0819-1174-01.

The petition was approved. The account will remain open.

13. A petition from EQT Production Company, LLC for disbursement of funds from escrow for Halbert E. and Peggy Ashworth; Graham K. and Betty Tiller; Don W. and Cynthia Ashworth, Tracts 2 and 3, Unit 537102, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-07-0515-1933-01.

The petition was approved. The account will remain open.

14. A petition from EQT Production Company, LLC for disbursement of funds from escrow for Halbert E. and Peggy Ashworth; Graham K. and Betty Tiller; Don W. and Cynthia Ashworth; Charlton Tiller and Range Resources-Pine Mountain, Inc., Tracts 1 and 2, Unit 537108, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-09-0421-2515-01.

The petition was approved. The account will remain open.

15. A petition from Range Resources-Pine Mountain Inc. for disbursement of funds from escrow for Willard and Susie Charles; Glenn and Marie Charles, Richard Charles; Sarah Mohr; Earl and Pearl Charles; Floyd and Judy Charles; Corene Wagner; Margie Yates; Vernie and Quillion Boyd; Roy Boyd; Martha Boyd, Tract 4, Unit Watkins 7, Hurricane District, Buchanan County, Virginia. Docket Number VGOB05-0621-1470-02.

The petition was approved. The account will remain open.

16. A petition from CNX Gas Company, LLC for disbursement of funds from Tracts 2H, 3A, 3B and 3C for Unit T-36, Garden District, Buchanan County, Virginia. Docket Number VGOB-98-0324-0625-10.

The petition was continued to November 2011 at the request of the operator.

17. A petition from CNX Gas Company, LLC for disbursement of funds from Tracts 1A and 1D for Unit T-37, Garden District, Buchanan County, Virginia. Docket Number VGOB-98-0421-0650-06.

The petition was continued to November 2011 at the request of the operator.

18. A petition from CNX Gas Company, LLC for disbursement of funds from Tract 2A for Unit Z-12 resulting from Dismissal Order Case Number 162-90, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-91-0521-0126-01.

The petition was continued to November 2011 at the request of the operator.

19. A petition from CNX Gas Company, LLC for disbursement of funds and authorization for direct payment of royalties from a portion of Tract 3 for Unit AY-98, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-05-1213-1542-02.

The petition was continued to November 2011 at the request of the operator.

20. A petition from CNX Gas Company, LLC for disbursement of funds and authorization for direct payment of royalties from a portion of Tract 1A for Unit AZ-100, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-03-0415-1139-02.

The petition was continued to November 2011 at the request of the operator.

21. A petition from CNX Gas Company, LLC for disbursement of funds and authorization for direct payment of royalties from Tracts 1A, 1B, 1C, 1D, 1F and 1H for Unit AZ-103, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-06-0516-1631-02.

The petition was continued to November 2011 at the request of the operator.

22. A petition from CNX Gas Company, LLC for disbursement of funds and authorization for direct payment of royalties from Tracts 1, 3C and 3D for Unit BC121, New Garden District, Russell County, Virginia. Docket Number VGOB-03-0218-1116-01.

The petition was continued to November 2011 at the request of the operator.

23. A petition from CNX Gas Company, LLC for disbursement of funds and authorization for direct payment of royalties from Tract 2B for Unit EE-36, Maiden Springs/New Garden Districts, Tazewell/Russell Counties, Virginia. Docket Number VGOB-02-1015-1083-01.

The petition was continued to November 2011 at the request of the operator.

24. The Board, on its own motion, will consider a proposal from the Horizontal Drilling Committee established by the Board for an order establishing Field Rules for Horizontal Drilling in Southwest Virginia. Docket Number VGOB-11-0816-2986. Continued from August 2011. The petition was continued from September to October 25, 2011 due to lack of quorum.

The petition was continued to November 2011.

25. A petition from CNX Gas Company, LLC for re-pooling of Coalbed Methane Unit AV-110, Hurricane and New Garden Districts, Buchanan and Russell County, Virginia. Docket Number VGOB-01-0320-0870-03. Originally continued from August 2011. The petition was then continued from September to October 25, 2011 due to lack of quorum.

The petition was continued to November 2011 at the request of the operator.

26. A petition from CNX Gas Company, LLC for pooling of Coalbed Methane Unit B-52, Garden District, Buchanan County, Virginia. Docket Number VGOB-11-0920-2987. The petition was continued from September to October 25, 2011 due to lack of quorum.

The petition was continued to November 2011 at the request of the operator.

27. A petition from CNX Gas Company, LLC for pooling of Coalbed Methane Unit YYY-33, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-11-0920-2988. The petition was continued from September to October 25, 2011 due to lack of quorum.

The petition was continued to November 2011 at the request of the operator.

28. A petition from CNX Gas Company, LLC for re-pooling of Coalbed Methane Unit AX-118, New Garden District, Russell County, Virginia. Docket Number VGOB-03-0715-1160-01. The petition was continued from September to October 25, 2011 due to lack of quorum.

The petition was continued to November 2011 at the request of the operator.

29. A petition from Appalachian Energy, Inc. for pooling of Coalbed Methane Unit AE-229/AE-239 (F-32), Garden District, Buchanan County, Virginia. Docket Number 11-0920-2989. The petition was continued from September to October 25, 2011 due to lack of quorum.

The petition was approved. An escrow account will need to be established for Tract 4 for unknowns/unlocatables.

30. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530317, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-11-0920-2990. The petition was continued from September to October 25, 2011 due to lack of quorum.

The petition was approved.

31. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530304, Kenady District, Dickenson County, Virginia. Docket Number VGOB-11-0920-2991. The petition was continued from September to October 25, 2011 due to lack of quorum.

The petition was approved.

32. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well 900033, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-11-0920-2992. The petition was continued from September to October 25, 2011 due to lack of quorum.

The petition was approved.

33. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530318, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-11-0920-2993. The petition was continued from September to October 25, 2011 due to lack of quorum.

The petition was approved.

34. A petition from Range Resources-Pine Mountain, Inc. for the establishment of a drilling unit and pooling for V-530304, Kenady District, Dickenson County, Virginia. Docket

Number VGOB-11-0920-2994. The petition was continued from September to October 25, 2011 due to lack of quorum.

Revised exhibits B, B3 were submitted at the hearing. The petition was approved with escrowing for Tract 10 for unknown/unlocatable owners.

35. A petition from Range Resources-Pine Mountain, Inc. for re-pooling of Unit 900031, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-11-0315-2926-01. The petition was continued from September to October 25, 2011 due to lack of quorum.

The re-pooling addressed the addition of CSX Railroad. The petition was approved with escrowing required for Tract 2 for unknowns/unlocatables.

36. A petition from CNX Gas Company, LLC for the creation of a 320 acre horizontal conventional drilling unit and pooling for OOO29SH Unit, Knox District, Buchanan County, Virginia. Docket Number VGOB-11-1018-2995.

The petition was continued to November 2011 at the request of the operator.

37. A petition from CNX Gas Company, LLC for the creation of a 320 acre horizontal conventional drilling unit and pooling for VVV29SH Unit, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-11-1018-2996.

The petition was continued to November 2011 at the request of the operator.

38. A petition from CNX Gas Company, LLC for re-pooling for Unit BC-120, New Garden District, Russell County, Virginia. Docket Number VGOB-03-0218-1115-01.

The petition was continued to November 2011 at the request of the operator.

39. A petition from CNX Gas Company, LLC for re-pooling for Unit BD-120, New Garden District, Russell County, Virginia. Docket Number VGOB-05-0215-1398-01.

The petition was continued to November 2011 at the request of the operator.

40. A petition from CNX Gas Company, LLC for modification of order for production from vertical well bore of 110SH, allow for second horizontal well and a location exception for the second well, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-11-0719-2972-01.

The petition was continued to November 2011 at the request of the operator.

41. A petition from Range Resources-Pine Mountain, Inc. for the Transfer of Right to Operate Units for various orders issued for Buchanan and Dickenson County, Virginia. Docket Number 11-1018-2997.

The petition was approved.

42. A petition from Range Resources-Pine Mountain, Inc. for a well location exception for proposed well V-530319, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-11-1018-2998.

The petition was approved.

43. A petition from Range Resources-Pine Mountain, Inc. for a well location exception modification for proposed well 821789, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-11-0517-2951-01.

An objection required the well to be moved to satisfy objecting parties; as a result a new well location exception was required. The petition was approved.

44. The Board will receive an update of Board and Division activities from Staff.

Rick Cooper updated the board regarding the new e-forms project for reporting to the Escrow Agent monthly deposits, the status of the audit data collection by the three temporary staff, and the need to request working interest payments from all operators as of the end of December 2011.

45. The Board will review the August and September 2011 minutes for approval.

The minutes were approved.

The hearing adjourned at 12:00.